

Report to RSCC May, 2007

Terry Whiteside Whiteside & Associates Billings, MT



Lots of Activity on the Captive Rail Customer Front

- 1. Rail Shipper Day Held on March 15, 2007 over 270 folks participated
- 2. S.953 Rail Competition and Service Improvement Act introduced March 21, 2007 11 co-sponsors including Senator Max Baucus and Senator John Tester
- 3. HR 2125 Rail Competition and Service Improvement Act introduced May 3, 2007 29 co-sponsors including Rep. Dennis Rehberg
- 4. Massive coalition formed including Agriculture, ARC, CURE, American Chemistry Council, Edison Electric Institute, National Rural Electric Coop, United Transportation Union and many more
- 5. Look for co-sponsorship to go up very quickly now
- 6. Railroads are pushing a tax infrastructure bill in the new Congress
- 7. Montana Rail Grain Transportation Survey & Report 2006 is released
- 8. Two new shuttle facilities announced in Montana
- 9. Outline of plan for development of transportation competitive alternatives by RSCC
- 10. Governor's approved budget includes \$3MM to address STB/Rail Issues



Rail Captive Shipper Legislative Support Reaches Record Levels

S. 953, Railroad Competition and Service Improvement Act of 2007 (Cosponsors: 12) Sen, Rockefeller, John D., IV (D-WV)* Sen. Baucus, Max (D-MT)* Sen, Cantwell, Maria (D-WA)* Sen. Craig, Larry E. (R-ID)* Sen. Crapo, Mike (R-ID)* Sen. Dorgan, Byron L. (D-ND)* Sen. Johnson, Tim (D-SD) Sen. Klobuchar, Amy (D-MN)* Sen, Landrieu, Mary L. (D-LA) Sen. Tester, Jon (D-MT)* Sen. Thune, John R. (R-SD) Sen. Vitter, David (R-LA)* H.R. 2125, Railroad Competition and Service Improvement Act of 2007 (Cosponsors: 29) Rep. Oberstar, James [D. MN-08]* Rep. Alexander, Rodney [R, LA-05]* Rep. Baker, Richard H. [R. LA-06]* Rep. Baldwin, Tammy [D. WI-02] Rep. Berry, Marion [D, AR-01]* Rep. Boren, Dan [D, OK-02] Rep. Boustany, Charles W. [R, LA-07]* Rep. Cubin, Barbara [R, WY-At Large] Rep. Franks, Trent [R, AZ-02]* Rep. Hare, Phil [D. IL-17] Rep. Herseth Sandlin [D. SD-At Large]* Rep. Hirono, Mazie K. [D, HI-02]* Rep. Holden, Tim [D, PA-17] Rep. Grijalva, Raul [D, AZ-07] Rep. Jefferson, William J. [D. LA-02] Rep. Jindal, Bobby [R. LA-01] Rep. Kind, Ron J. [D. WI-03]* Rep. McCollum, Betty [D, MN-04] Rep. Melancon, Charlie [D, LA-03] Rep. Musgrave, Marilyn [R, CO-04] Rep. Peterson, Collin [D. MN-07] Rep. Pomeroy, Earl [ND-At Large]* Rep. Rehberg, Dennis [R, MT-At Large] Rep. Renzi, Rick [R, AZ-01] Rep. Ross, Mike [D, AR-04] Rep. Simpson, Mike [R, ID-02]* Rep. Snyder, Vic [D, AR-02] Rep. Udall, Mark [D, CO-02]

Rep. Walz, Timothy J. [D. MN-01]*

S. 772, Railroad Antitrust Enforcement Act of 2007 (Cosponsors: 6)

Sen. Kohl, Herb (D-WI)*
Sen. Coleman, Norm (R-MN)*
Sen. Feingold, Russell D. (D-WI)*

Sen. Harkin, Tom (D-IA)

Sen. Rockefeller, John D., IV (D-WV)*

Sen. Vitter, David (R-LA)*

H.R. 1650, Railroad Antitrust Enforcement Act of 2007 (Cosponsors: 12)

Rep. Baldwin, Tammy [D, WI-02]*

Rep. Alexander, Rodney [R, LA-05]*

Rep. Baker, Richard H. [R, LA-06]*

Rep. Boren, Dan [D, OK-02]

Rep. Grijalva, Raul [D, AZ-07]

Rep. Kagen, Steve [D, WI-08]

Rep. Pomeroy, Earl [D, ND-At Large]*

Rep. Renzi, Rick [R, AZ-01]

Rep. Ross, Mike [D, AR-04]

Rep. Snyder, Vic [D, AR-02]

Rep. Walz, Timothy J. [D, MN-01]*

Rep. Wamp, Zach [R, TN-03]

Look for these lists to grow very quickly over the next few weeks

Rail Labor, Alliance for Rail **Competition and CURE Join Forces** on Hill







April 5, 2007

The Honorable Daniel K. Akaka United States Senator 141 Hart Senate Office Building Washington, DC 20510

Dear Senator Akaka:

The two rail customer advocacy groups, the Alliance for Rail Competition (ARC) and Consumers United for Rail Equity (CURE), and one of the leading rail labor unions, the United Transportation Union (UTU), are writing to encourage you to cosponsor S.953, the Railroad Competition and Service Improvement Act of 2007. This legislation is critically important to ensure that rail customers have access to competitive rail service and that those rail customers without access to competition are protected from unreasonable railroad rates and practices and have access to reliable rail service.

Our membership organizations are working together in support of public policy that will ensure that rail customers benefit from the Staggers Rail Act of 1980 as intended by Congress. Re-regulation is not our intent but rather gaining access to the rail competition that was promised by that Act and the protections from railroad monopoly power that were provided in that Act.

Thank you for your consideration of this request. Should you have any questions, please do not hesitate to contact us.

Sincerely.

Terry Whiteside Chairman

Alliance for Rail Competition

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Gaul C. Thungson Sould Kimboll

Paul Thompson President United Transportation Union Donald W. Kimball

President Consumers United for Rail Eq







May 8, 2007

The Honorable Neil Abercrombie United States House of Representatives 1502 Longworth House Office Building Washington, DC 20515-1101

Dear Congressman Abercrombie:

The two rail customer advocacy groups, the Alliance for Rail Competition (ARC) and Consumers United for Rail Equity (CURE), and one of the leading rail labor unions, the United Transportation Union (UTU). are writing to encourage you to cosponsor H.R. 2125, the Railroad Competition and Service Improvement Act of 2007. This legislation is critically important to ensure that rail customers have access to competitive rail service and that those rail customers without access to competition are protected from unreasonable railroad rates and practices and have access to reliable rail service.

Our membership organizations are working together in support of public policy that will ensure that rail customers benefit from the Staggers Rail Act of 1980 as intended by Congress. Re-regulation is not our intent but rather gaining access to the rail competition that was promised by that Act and the protections from railroad monopoly power that were provided in that Act.

Thank you for your consideration of this request. Should you have any questions, please contact Michael Snovitch, Executive Director of ARC (202-484-7133); James Brunkenhoefer, Legislative Director of the UTU (202-543-7714); or Bob Szabo, Executive Director of CURE (202-298-1920).

Terry Whiteside

Chairman Alliance for Rail Competition

Jone Whitesede

Paul Thompson President

United Transportation Union

Gal C. Thompson Double Kemball Donald W. Kimball

President

Consumers United for Rail Eq.



RR's Introduce Investment Tax Credit Legislation

- 5. 1125, Railroad Investment Tax Credit Legislation (Cosponsors: 13)
- Sen. Lott, Trent (R-MS)*
- Sen. Cochran, Thad (R-MS)*
- Sen. Conrad, Kent (D-ND)*
- Sen. Crapo, Mike (R-ID)*
- Sen. Graham, Lindsey O. (R-SC)*
- Sen. Hagel, Chuck (R-NE)*
- · Sen. Isakson, Johnny (R-GA)*
- Sen. Landrieu, Mary L. (D-LA)*
- Sen. Nelson, Bill (D-FL)
- Sen. Nelson, E. Benjamin (D-NE)*
- Sen. Salazar, Ken (D-CO)
- Sen. Smith, Gordon H. (R-OR)*
- Sen. Stevens, Ted (R-AK)*

The Senate bill
will be heard in
front of Senate
Finance
Committee
chaired by
Senator Baucus
(MT)

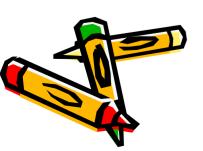
First time in about 100 years RR's have come to Congress for money

H.R. 2116, Railroad Investment Tax Credit Legislation (Cosponsors: 3)

Rep. Meek, Kendrick B. [D, FL-17]*

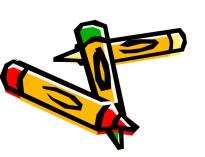
Rep. Cantor, Eric I. [R, VA-07]*

Rep. Crenshaw, Ander [R, FL-04]*



Montana Rail Grain Transportation Survey and Report 2006

- Final report issued by RSCC May 5, 2007
- Reflects minor additions as talked about in last RSCC meeting
- · Provides a base point for discussions



Proposed Shuttle Facility for Moore, MT

- March 23, 2007 ConAgra Foods at Moore, MT (currently a 52 car facility) indicating preliminary plans to expand its 52 car facility to a high-speed
- This is the first truly competitive 110 car shuttle facility in Central MT
- Only 20 miles from the United-Harvest facility at Moccasin



Proposed Shuttle Facility for Westby, MT

- April 2007 New Century Ag (merger between Farmers Elevator of Fortuna, ND and Golden Plains Ag of Crosby, ND) announced plants to construct a 110 car loading facility on the DMV&W at Westby, MT
- This will provide competition in NE corner of Montana for durum and spring wheats
- Outbound movement will be DMVW/CP and on PNW shipments UP at Kingsgate, ID

Discussion Item: Development of Action Items for RSCC

- RSCC has a vast knowledge base in its membership and RSCC needs to initiate development of focus plans to address growing industry/port needs that are being curtailed by lack of transportation competition
- Form Three/Four Working Groups to work on industry specific issues relating to transportation competition or lack of it
- Suggested industries: Forest/Paper, Agriculture, Ports (including intermodal study) + Coal

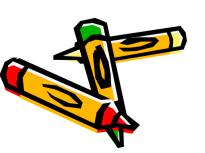


Action Groups Would Develop Four Issues

- Groups would meet (via phone/email bridge) between RSCC meetings with a designated RSCC team leader and formulate a report to be given back to RSCC covering, at minimum, the following items:
 - effects on the industry coming from lack of rail competition
 - What impediments are there to develop of transportation alternatives?
 - Development of workarounds and transportation alternatives to counter the effects including working outside the state boundaries
 - What ingredients/assets/legislation would have to come together to be able to develop suggested or required transportation alternatives? Development of action items to accomplish workarounds/development of transportation alternatives
 - Suggested timetable to put action items in place
 - Additional items considered important to group

Topics for Review May Include But Not Limited To:

- Build or encourage Rail-to-rail competition projects build outs or build ins
- Develop value added activities and projects which utilize product that traditionally moves over MT transportation system
- Develop projects that provide for competitive uses of MT products off rail or on competitive railroad systems
- Work with MT companies to enhance their ability to provide value added economic development



Discussion: Core Branchline System

- Is this a concept that RSCC/DOT wants to explore?
- · Development of CORE MT rail system
 - Should include Branch, feeder and main lines
 - Minimum necessary for MT industry
- Methodologies developed to provide financial support for CORE system
- FACT: when a rail line is lost the economic burden is shifted from the private to the public sector
 - Many cases the economic burden is forced upon MT secondary highway system
 - What is the total cost private and public long term associated with the loss of rail infrastructure



RSCC Review of Working Groups Work Efforts

- When each Working Group has reported back to RSCC - the RSCC utilizes this work to develop comprehensive plans to address industry concerns and report to Legislature
- · RSCC is charged with
 - Promote Rail Service Competition in State and
 - Develop comprehensive and coordinated plan to increase rail service competition in MT

